

## Attachment A

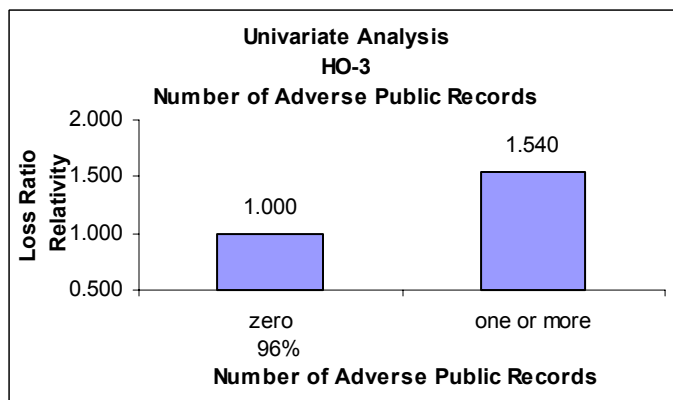
### Correlation of Credit Characteristics with Loss Ratio Relativities

The following illustrations are based on correlations of single credit characteristics with losses that have already been experienced.

#### Personal Property Insurance

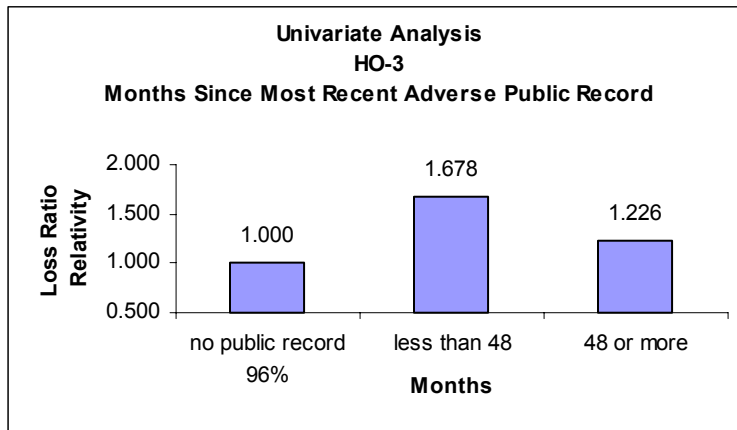
For personal property insurance—using a dataset of approximately 230,000 policies with claims, 1 million policies without claims and corresponding credit information on those policyholders taken from 11 archives of credit history from consumer credit bureaus—the relationship of five credit characteristics and loss ratio relativities are summarized as follows:

■ Figure 1. Number of adverse public records vs. loss ratio relativities



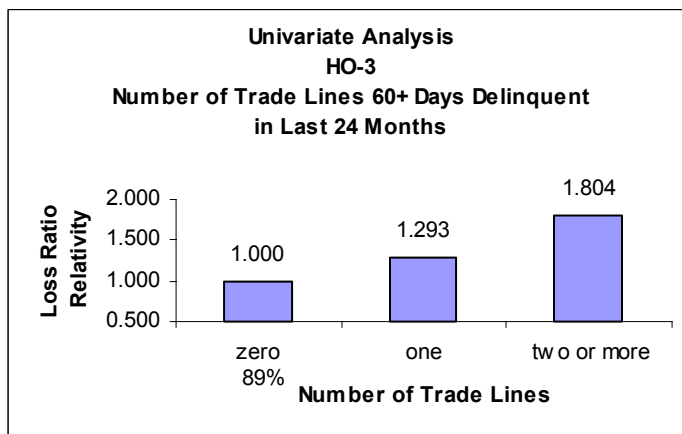
Of this population, 96% did not have any adverse public records. For the remaining 4% having one or more adverse public records, loss ratio was 54% higher than for those without any adverse public records.

■ Figure 2. Months since most recent adverse public record vs. loss ratio relativities



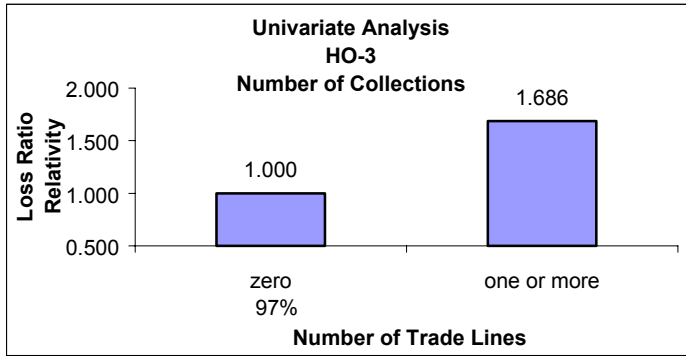
Furthermore, of the 4% having one or more adverse public records, those having the most recent adverse public records (less than 48 months) were found to have 68% higher loss ratio than those without any adverse public records. Those having less recent adverse public records (more than 48 months) were found to have a 23% higher loss ratio than for those without any adverse public records.

■ Figure 3. Number of trade lines 60+ days delinquent in last 24 months vs. loss ratio relativities



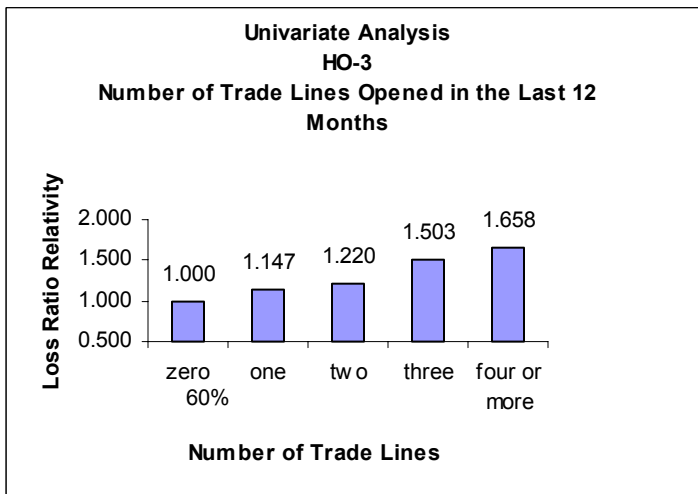
Of this population, 89% did not have any trade lines that were more than 60 days delinquent in the last two years. For people with one such delinquency, loss ratio was 29% higher than those without. For those with two or more such delinquencies, loss ratio was 80% higher than for those without.

■ Figure 4. Number of collections vs. loss ratio relativities



Of this population, 97% did not have collection accounts established. Among the remaining 3% who did have such accounts, loss ratio was 69% higher.

■ Figure 5. Number of trade lines opened in the last 12 months vs. loss ratio relativities

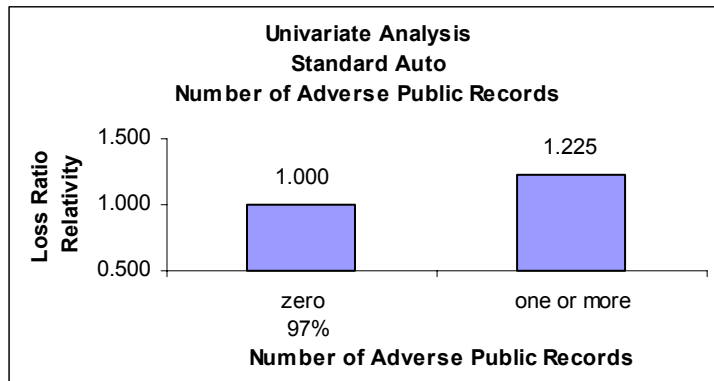


Of this population, 60% did not open any trade lines in the last year. People who opened one trade line in the last year had a loss ratio 15% higher on average than people who did not; two trade lines in the last two years, 22% higher; three trade lines, 50% higher; four or more trade lines, 66% higher.

## **Personal Auto Insurance**

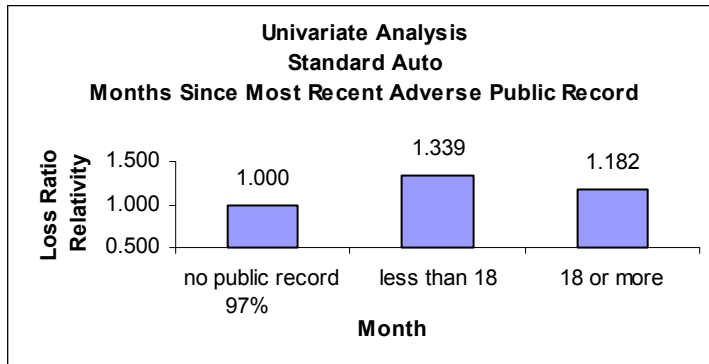
For personal auto—using a dataset of 350,000 policies with claims, 1 million policies without claims and corresponding credit information on those policyholders taken from six archives of credit history from consumer credit bureaus—the relationship of five credit characteristics to loss ratio relativities are summarized as follows:

■ Figure 6. Number of adverse public records vs. loss ratio relativities



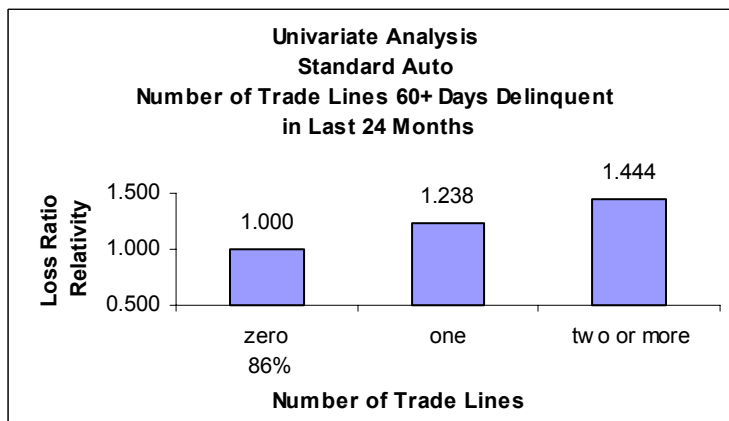
Of this population, 97% did not have any adverse public records. For the remaining 3% that had one or more adverse public records, loss ratio was found to be 23% higher than for those without any adverse public records.

■ Figure 7. Months since most recent adverse public record vs. loss ratio relativities



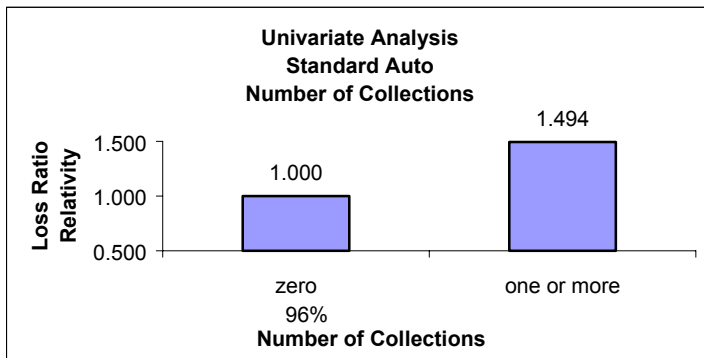
Again, 97% of the population did not have any adverse public records. Of the remaining 3%, those having the most recent adverse public records (less than 18 months) were found to have 34% higher loss ratio than those without any adverse public records. Those having less recent adverse public records (more than 18 months) were found to have 18% higher loss ratio than for those without any adverse public records.

■ Figure 8. Number of trade lines 60+ days delinquent in last 24 months vs. loss ratio relativities



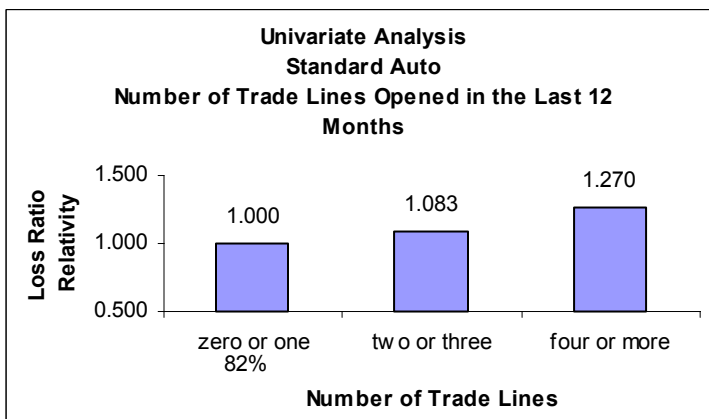
Of this population, 86% did not have any trade lines in delinquency for more than 60 days in the last two years. For people with one such delinquency, loss ratio was 24% higher than those without such delinquency. For those with two or more such delinquencies, loss ratio was 44% higher than for those without.

■ Figure 9. Number of collections vs. loss ratio relativities



Of this population, 96% did not have collection accounts established. For the remaining 4% that had collections accounts set up, loss ratio was 49% higher.

■ Figure 10. Number of trade lines opened in the last 12 months vs. loss ratio relativities



Of this population, 82% opened just one or zero trade lines in the last year. People who opened two or three trade lines in the last year had a loss ratio 8% higher than people in the first group; four or more trade lines opened in the last year, 27% higher.



## Attachment B

# Scorecard Examples

### Rank Ordering

